

Staff Summary Report



To: Mayor and City Council
Through: City Manager

Agenda Item Number 49
Meeting Date: 12/13/01

SUBJECT: MILL'S END ESPRESSO #SIP-2001.78

PREPARED BY: Sherri Lesser, Planner II (480-350-8331)

REVIEWED BY: Dave Fackler, Development Services Manager (480-350-8333)

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BRIEF: This is the second public hearing for Mill's End Espresso at Hayden Square for compliance of previous Council condition #1 regarding the transferring the use permit for a change of business ownership at 310 South Mill Avenue.

COMMENTS: **PLANNED DEVELOPMENT (0406)** Hold the second public hearing for **MILL'S END ESPRESSO** (Lowe Enterprises, property owner, Cory R. Starr, business owner) for compliance of previous Council condition #1 regarding transferring the use permit for a change of business ownership at 310 S. Mill Ave. The following approval is requested from the City of Tempe:

#SIP-2001.78 A site plan and use permit for a 2,127 s.f. coffee shop/restaurant with 2,230 s.f. of outdoor dining at 310 South Mill Avenue, including the following:

Previous Council Conditions (01/22/98)

1. Use permit is non-transferable and is issued to the current owner of the Charlie's Espresso only.

Document Name: 20011213devsrh12 **Supporting Documents:** Yes

SUMMARY: On January 22, 1998, the City Council approved a use permit for Charlie's Espresso to allow an extension of the café dining area from 918 s.f. to 2092 s.f. and a extension of outdoor dining from 2,100 s.f. to 2,230 s.f. That approval included a condition that the use permit is non-transferable. This request is for a use permit to accommodate a change of business ownership only and no changes are proposed on the current business operation. Staff supports this request with conditions. To date, no public input has been received. **Note:** City Council held the first public meeting for this request on November 29, 2001.

RECOMMENDATION: Staff – Approval, subject to conditions
Public – No comments to date

- ATTACHMENTS:**
1. List of Attachments
 2. History & Facts / Description
 3. Comments / Reason(s) for Approval
 4. Conditions of Approval
-
- A. Site Plan
 - B. Floor Plan
 - C. Letter of Explanation/Intent

HISTORY & FACTS:

1983-84.

The City assembled approximately 8 acres in the area which is now called Hayden Square and selected a redeveloper through the RFP process.

March 15, 1985.

City Council approved a Site Plan for Hayden Square, subject to conditions.

August 14, 1986.

City Council approved a use permit for Chuy's on the north side of Hayden Square, subject to conditions.

August 14, 1986.

City Council approved a use permit for The Balboa Cafe with outside dining, subject to conditions.

August 14, 1986.

City Council approved a use permit for The Balboa Cafe with outside dining, subject to conditions.

February 11, 1988.

City Council approved a use permit for Penguin's Place at 310 S. Mill Avenue, subject to conditions.

March 22, 1990.

City Council approved a use permit for Christopher's Restaurants, Inc. to allow a 644 s.f. expansion of a pre-existing use (Chuy's Grill) with outdoor dining adjacent to Hayden Square's amphitheater area.

October 25, 1990.

City Council approved a use permit for Kelly's Cafe with outdoor dining, subject to conditions.

July 16, 1992.

City Council approved a use permit for Hayden Square Merchants Association to allow outside live entertainment to be located in the courtyard area of Hayden Square Plaza, subject to conditions.

January 23, 1998.

City Council approved the request by Charlie's Espresso for an extension of café dining area from 918 s.f. to 2092 s.f. and an extension of outdoor dining from 2100 s.f. to 2230 s.f., subject to conditions.

November 29, 2001.

City Council held the first public hearing for this request.

DESCRIPTION:

Owner – Lowe Enterprises

Business Owner – Cory R. Starr

Applicant – Cory R. Staff

Existing zoning – CCD

Total leased area – 2127 s.f. indoor, 2230 s.f. outdoor

Use Permit

To establish a non-residential use for a 2,127 s.f. restaurant with 2230 s.f. of outdoor dining in the CCD district.

Condition of Approval (01/28/98)

- #1. Use permit is non-transferable and is issued to the current owners of the Charlie's Espresso only.

COMMENTS: Mill's End Espresso is requesting approval of a use permit to allow a non-residential use in the CCD zoning district. The proposed use is a 2,127 s.f. indoor coffee shop with 2,230 s.f. outdoor dining, specializing in gourmet coffees, specialty coffees, natural fruit drinks, sandwiches, pastries, baked goods and chocolates. The hours of operation will be Monday-Thursday 6AM to 10PM, Friday 6AM to 1AM, Saturday 7AM to 1AM and Sunday 7AM to 9PM. The location of this coffee shop is at the southwest corner of Mill Avenue and Third Street in the tenant space previously occupied by Charlie's Espresso. The applicant is requesting a reconsideration of SIP98.01 condition #1 that limited the use permit to Charlie's Espresso only.

The applicant indicates in their letter of explanation that live entertainment will be scheduled on two weekday nights and weekends. A use permit for live entertainment is not part of this request. As noted in the history, a use permit for live entertainment was issued to the Hayden Square Merchants Association in July, 1992. By condition of approval, that use permit was valid for only two years. No live entertainment will be allowed other than on a special event basis upon which a special event permit will be required.

Staff supports the use permit request by Mill's End Espresso. The requested use permit with outdoor dining is consistent and compatible with surrounding businesses in downtown Tempe. According to the ordinance tests for use permits, the applicant's request will not, in our opinion, have negative impacts on its immediate surroundings. Since the space was previously occupied by a similar business, the proposed use should not add to the vehicular or pedestrian traffic on or off site, above and beyond that normally anticipated for a restaurant. Hayden Square Associates provides more parking spaces, than the minimum recommended by the shared parking model. Staff recommends approval subject to conditions. To date, staff received no comments for or against the proposed use.

**REASON(S) FOR
APPROVAL:**

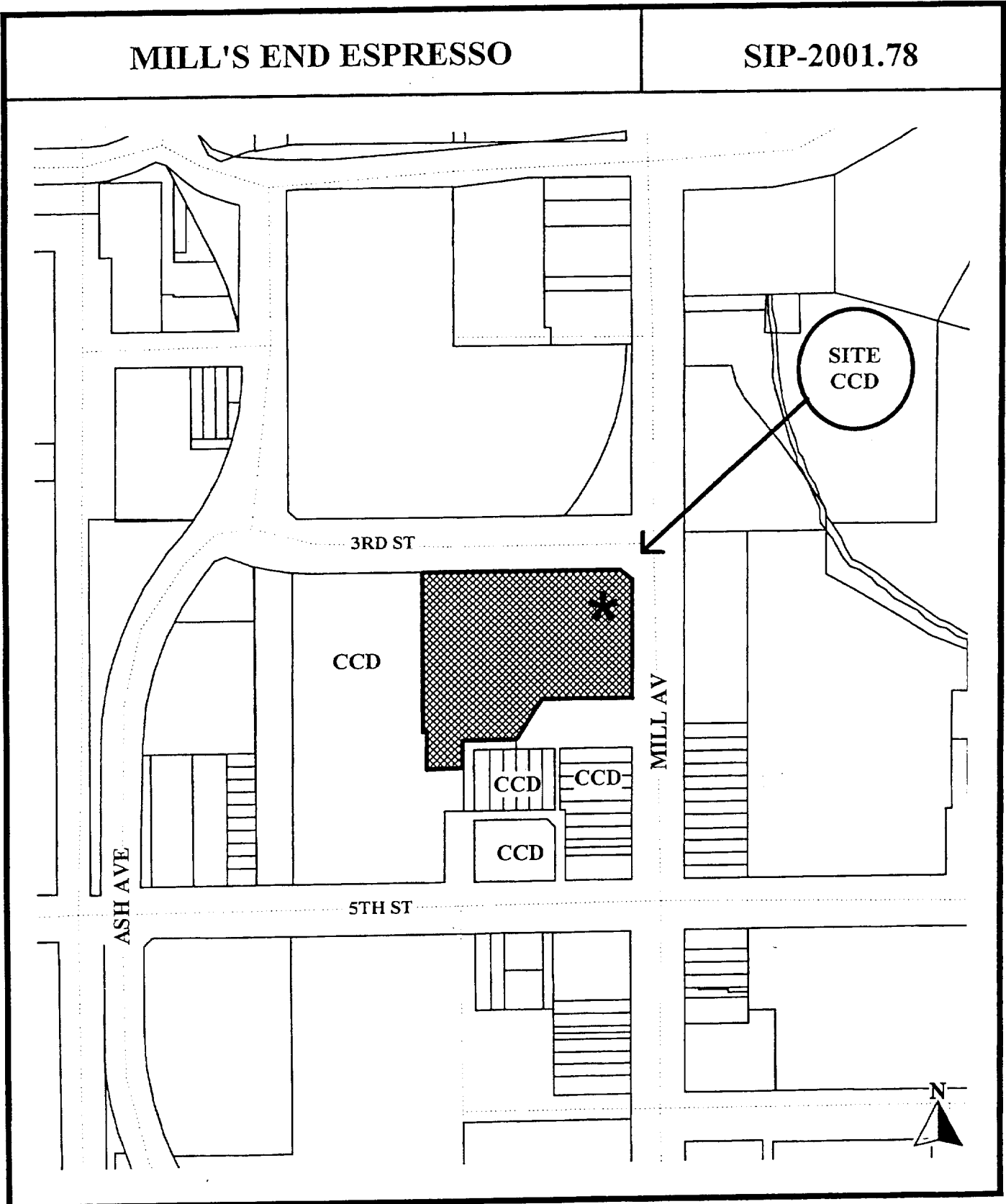
1. Mill's End Espresso is occupying a space that was previously used as a coffeehouse with outdoor dining. The use permit request should be compatible and not detrimental to adjacent businesses.
2. The use permit for this request appears to pass all Ordinance 808 tests.

**CONDITION(S)
OF APPROVAL:**

1. The use permit is non-transferrable and is issued to the current owner of Mill's End Espresso, Cory R. Starr only.
2. Use permit limited to a coffee shop/restaurant with outdoor dining. Any intensification or expansion of the use (i.e. liquor licensing, live entertainment, etc.) shall require the applicant to return to the City Council for review of the use permit.
3. Any significant verifiable police complaints (as determined by the City Attorney and Police Department) shall required the applicant to return to the City Council for reevaluation of the use permit.
4. Any modification to business signage, any exterior building modifications and outdoor shading structures shall be reviewed by the Design Review Board.
5. Tables and chairs are prohibited in the sidewalk areas along Mill Avenue and Third Street.

MILL'S END ESPRESSO

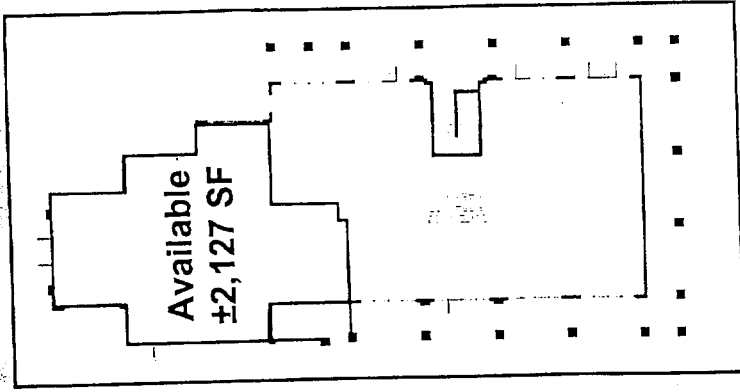
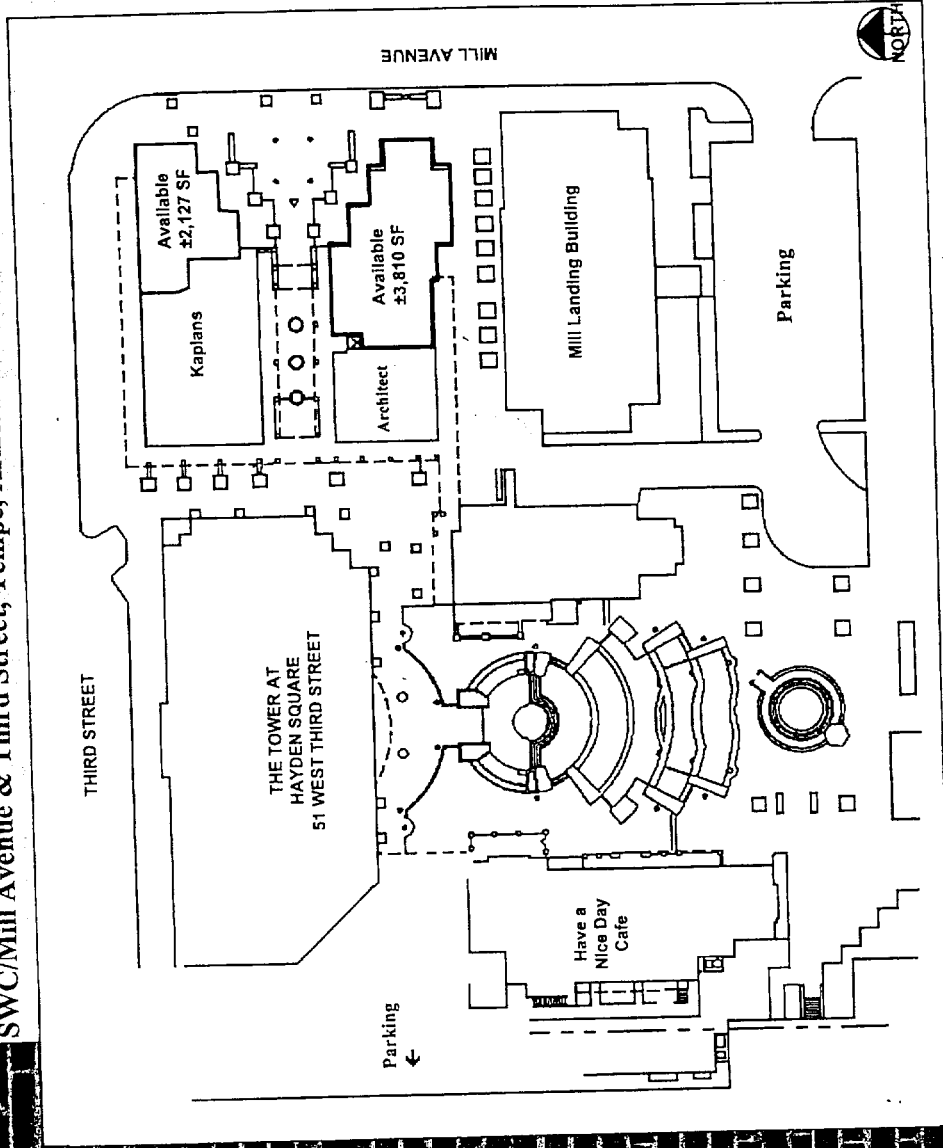
SIP-2001.78



Location Map

HAYDEN SQUARE

SWC/Mill Avenue & Third Street, Tempe, Arizona



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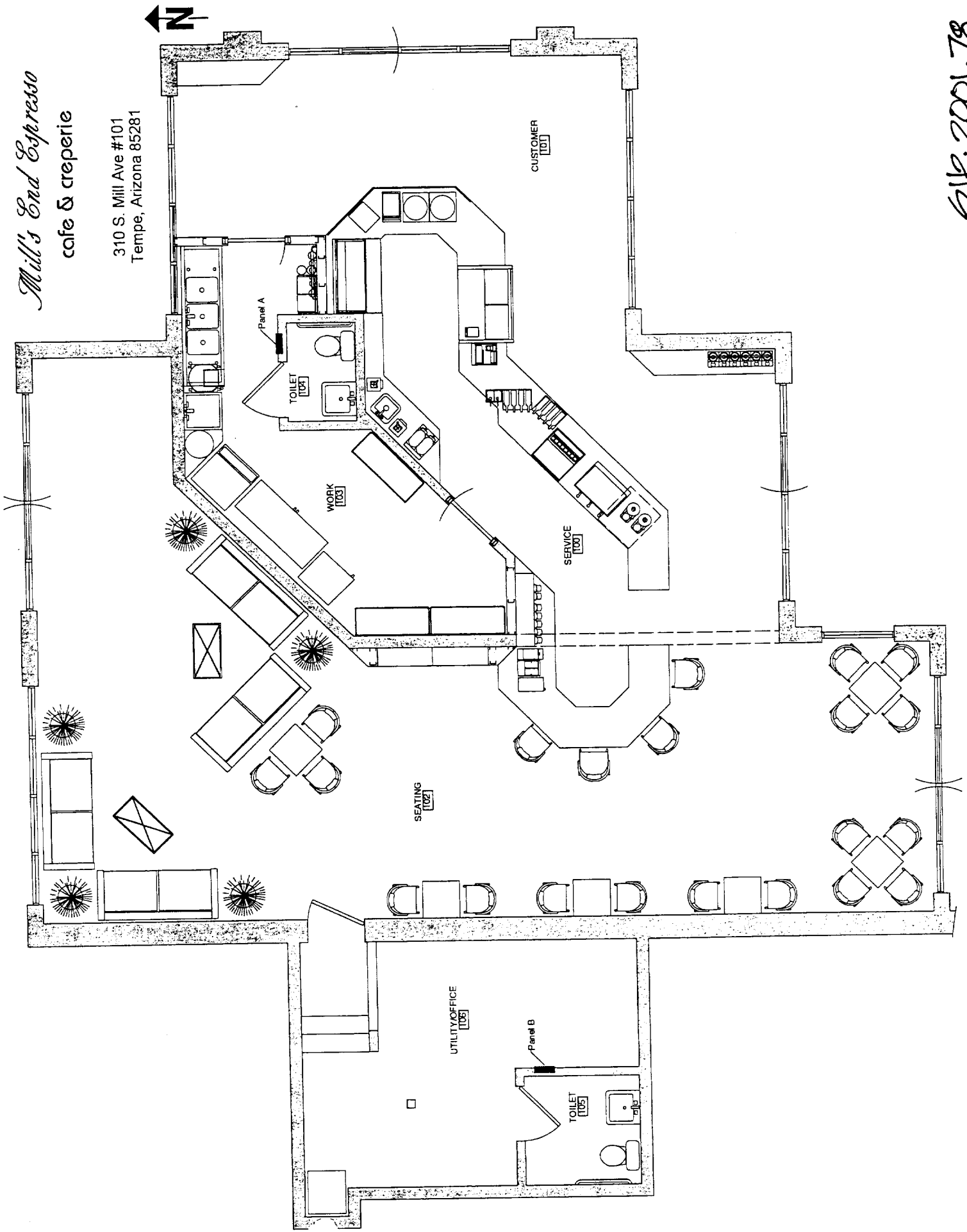
A Lowe Enterprises Property

RT/hayden suite B101

Mill's End Espresso

cafe & creperie

310 S. Mill Ave #101
Tempe, Arizona 85281



5/1/2001.78

BUSINESS PLAN
mill's end espresso *café & creperie*
Tempe, Arizona

4. The Business

As a highly recognized growth segment of the food industry, the specialty coffee industry has an excellent business outlook. As the strong demand fuels fast growth, the sales of gourmet and specialty coffee were forecast to triple after the turn of the century.

Mill's End will enjoy success within this lucrative industry. The inviting menu has been carefully designed to meet the cravings of every customer's mood - with a healthy variety of medium priced offerings from fresh gourmet coffees, specialty coffees, and natural fruit drinks...to light sandwiches (paninis), pastries, baked goods, and novelty chocolates.

In Addition, something entirely new for the valley: the first Creperie in the Metro-Phoenix area.

A. Objectives

1. Reach a profitable status within two months
2. Maintain 26% - 30% net profit as revenues are expanded
3. Increase sales by 50% in the second year and 25% thereafter
4. Expand to 5 stores within five years - one new store per fiscal year

B. Strategies

1. Provide a relaxed, comfortable and entertaining environment for our customers
2. Create a decidedly European flair and quirkiness that will be trademarked with a Vespa parked in front.
3. Provide a tasty and generous menu
4. Maintain beverage cost at less than 26% of total sales
5. Maintain non-beverage costs at less than 30% of total sales
6. Maintain prices at competitive levels with similar coffee shops in the general area
7. Stress the importance of friendly, courteous, and knowledgeable personnel



C. Uniqueness of the Establishment

Mill's End shall be successful because it is not bound by the strict guidelines of the corporate-owned mega-coffee-shops. The customer is our number one priority, each one being treated as the most important person. Menu items are tailored to the customers whom frequent the shop, new menu items can be added with ease while others can be adjusted to maintain a superior, eclectic mix. Our customers' suggestions help decide which beverages we will serve. At least five unique beverages have been created from customer feedback, and we continually tweak every beverage based upon our customers' tastes. This will allow Mill's End to thrive by better serving the individual nuances of the area.



BUSINESS PLAN
mill's end espresso *cafe & creperie*
Tempe, Arizona

E. Market

The "coffee shop craze" has taken a firm hold of the United States. In fact, last year specialty coffee sales exceeded \$1.6 billion and were predicted to triple following the millennium. As this European mainstay has become a significant and enjoyable part of today's American lifestyle, it seems coffee shops have found a permanent home in the United States and will continue to attract new devotees every day. The Specialty Coffee Shop is one of the few businesses that is said to successfully generate a profit in almost any location.

As many new European coffee and espresso bars are being introduced to the American market, Mill's End will be able to carve a unique niche. Unlike other, corporate-chain coffee shops, Mill's End's target market is the young, urban professional and family. To meet the special needs of this market, Mill's End offers a full, fun menu with an eclectic collection of mouth-watering items for every taste.

F. Location

Project Location:

Mill's End will be perched on the SWC corner of Mill Avenue and 3rd Street in Downtown Tempe, Arizona. This is an established and trendy, upscale market place, with a dedicated following, many unique shops, and many major anchor merchants. Easily accessible and heavily trafficked, this area supports the thousands of young and old neighbors alike whom live in the surround valley. This is also the home of Arizona State University, creating an almost captive-like audience of the tens-of-thousands of students yearly enrolled at this noted University campus.

Store:

The shop is 2,127 sq. ft. and rests in a uniquely beautiful merchant plaza with excellent exposure to Mill Avenue. The decor will be decidedly european, with a French flair, and just enough quirkiness to cause interest. With comfortable outside patio seating to offer customers a warm and friendly atmosphere to relax and enjoy themselves, Mill's End patrons will need no other place to go. As a further treat for customers, the cozy patio will situate local musical talent. This area features wrought iron tables and chairs, and old-fashioned-style street lamps. During the hot summer months, this area will be a welcomed oasis where Mill's End customers may enjoy cool beverages under shady umbrellas while listening to live acoustical jazz music (on weekend nights).

A trademark Vespa scooter will be parked just outside the front door - very euro indeed.



it's all about me!

SIP 2001.78
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BUSINESS PLAN
Mill's End Espresso cafe & creperie
 Tempe, Arizona

The extensive rollout marketing plan includes:

- Providing press releases for the business section of the local papers
- Placing "*The end is Coming*" signs in the suite window as soon as the lease is signed
- Using the "*It's all about mel*" campaign on T-shirts and stickers
- Before the opening, inviting the local press (radio, TV, newspapers, and politicians) to a sneak preview opening. Offering the media a chance at making their own drinks too.
- Renting sky-tracker lighting, and cold air balloons for first week of business
- Inviting the media back for Grand Opening; TV and radio coverage will get double airtime
- Local support of a little league team: name appears on each child's uniform; hosting after game parties; parents return with friends for repeat business.
- Catering little league games with a portable espresso cart, thus gaining further neighborhood visibility.
- Plastering company logo on utility van, placing in highly visible area of parking lot and driving around town.
- Various holiday and seasonal promotions

I. Pricing

The recipes and pricing have been carefully reviewed to be very competitive with similar businesses in the area while still maintaining a fair profit level.

J. Operational Plans

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• Hours of operation:	Monday thru Thursday	6:00 AM - 10:00 PM	16	hours
	Friday	6:00 AM - 1:00 AM	19	hours
	Saturday	7:00 AM - 1:00 AM	18	hours
	Sunday	7:00 AM - 9:00 PM	14	hours
	Total Weekly Hours		117.5	

✱

• Number of employees:	1 full time/shift	Everyday
	2 part time/shift	Regular
	4 part time/shift	Busy

K. Service

To ensure repeat business, customer service is paramount. To achieve the proper level of customer service, every employee will receive a high level of ongoing training, and daily operations will be supervised.



it's all about ME!

